



Office Workers Are Consumers

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Choosing a location for a retail business is one of the most important decisions retailers make during the planning phase to open a new store. The location of a business can affect many aspects of how it operates, such as total sales and how costly it is to run. Workforce concentrations is one of the factors used to determine a site which relates to market potential such as consumer buying power. The question is how one determines the buying power of a workforce such as an office worker. And, what is the consumer behavior of an office worker in today's retail environment. An office worker study completed a few years ago conducted by the ICSC Research Department found office workers accounted for one-fifth of the U.S. workforce as defined by the U.S. Department of Labor which totaled 28.5 million people. Breaking that number down and based on general office space allocations a retail trade area that consist of one million SF of office space would represent approximately 5,000 office workers. The study showed office workers spent about \$200 per week on all expenses associated with going to and returning from work and typical purchases around the office building during the workweek. Note: the weekly spend was higher for the suburban office worker due to the higher cost of transportation mainly due to the commute distance. The ICSC study found the breadth of office worker spending was the highest for transportation (approximately 18%) followed by quick-serve restaurants and similar establishments. Among goods and services, the largest breadth of spending was at the grocery store. The study also showed the more ample the retail, restaurant and service offerings in the vicinity of an office building, the higher the spending by office workers.

As the labor market tightens, quality office space and associated amenities become a key factor in attracting and retaining workers. Coupled with the changes in consumer behavior, the lines are blurring between where people work, shop, and live. For example, the 2017 American Community Survey estimates more than 50% of Los Angeles County individuals spend more than 30 minutes driving to work. 14.9% commute sixty minutes or more to work. With limited time in the day, the synergy between uses becomes more important. Placing more emphasis on retail as an amenity in an office complex such as grocery or health/wellness, exploring opportunities to save office workers time and effort can improve the attractiveness of an office building. And, even though health and wellness data can be challenging to gather, the introduction of H&W uses is an increasingly popular trend. Going back to office worker spending as it relates to grocery stores, retail research shows primary household funds are used to re-supply the household – basically commodity spending. With data that shows 85% of retail spending is commodity shopping it would make sense for office landlords and retailers to consider such building amenities as a smaller format grocery store or for example, Target's newest small-format store. These smaller stores aim to cater to a shopping demographic such as office workers looking for convenient, quick fill-in trips for essentials like beauty products, groceries, baby supplies, home decor or electronics.

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